

2015 Regular Session

HOUSE BILL NO. 465

BY REPRESENTATIVE ADAMS

TAX/TAXATION: Establishes the Student Adjustment for a Valuable Education (SAVE) Credit Program.

1 AN ACT

2 To enact R.S. 47:6039, relative to tax credits; to establish the Student Adjustment for a  
3 Valuable Education (SAVE) Credit Program; to grant transferable SAVE Fee Credits  
4 and SAVE Scholarship Credits for SAVE fees charged by a public institution of  
5 postsecondary education; to provide for the transfer of credits to such institutions and  
6 for payment of such credits to such institutions; to provide for use of such funds  
7 paid; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 47:6039 is hereby enacted to read as follows:

10 §6039. Student Adjustment for a Valuable Education (SAVE) Credit Program

11 A. The Program. There shall be the following credits against individual and  
12 corporate income tax and corporate franchise tax:

13 (1) A transferable, nonrefundable credit against sales and use, gasoline and  
14 special fuels, and income tax liability of a student, or his parent or legal guardian, to  
15 be obtained and used solely as provided for in Subsection C of this Section, for  
16 amounts the student, or his parent or legal guardian, is required to pay to a public  
17 institution of postsecondary education for enrollment of the student on and after July  
18 1, 2015, for a fee designated by the institution as a Student Adjustment for a  
19 Valuable Education (SAVE) fee, hereinafter, referred to as the "SAVE fee". Such  
20 credit shall be, hereinafter, referred to as the "SAVE Fee Credit".

1           (2) A credit against income and franchise tax liability to be obtained and  
2           used solely as provided for in Subsection D of this Section for the amount of  
3           donations made on and after July 1, 2015, to any nonprofit entity designated by a  
4           public institution of postsecondary education for the purpose of funding the payment  
5           of SAVE fees or such other purposes as the institution requires. Such credit shall be  
6           referred to as the SAVE Scholarship Credit.

7           B. Allocation of SAVE program credits. (1) The type of tax credit and the  
8           total amount of such tax credit which may be granted pursuant to this Section in each  
9           fiscal year for both SAVE credits shall be determined by the institution's  
10          management board, from the allocation of the credits made to the management board  
11          by the Board of Regents in the manner provided for in this Subsection.

12          (2) The total amount of tax credit which may be utilized by all public  
13          institutions of postsecondary education during a fiscal year pursuant to this Section  
14          shall be the net increase in the taxes collected during each fiscal year pursuant to  
15          Chapter 8 of this Subtitle as a result of the enactment of the Act which originated as  
16          House Bill No. \_\_\_\_\_ of the 2015 Regular Session of the Legislature, as determined  
17          by the Revenue Estimating Conference. Such determination shall be approved by the  
18          Joint Legislative Committee on the Budget.

19          (3) Once the total amount of tax credit which may be utilized by all public  
20          institutions of postsecondary education during a fiscal year is determined as provided  
21          for in Paragraph (2) of this Subsection, the Board of Regents shall determine and  
22          provide written notification to each postsecondary education management board of  
23          the following:

24          (a) The amount of tax credit allocated to each management board based upon  
25          the proportion of full-time equivalent students enrolled in the public postsecondary  
26          education institutions supervised by each board to the total number of full-time  
27          equivalent students enrolled in all Louisiana public postsecondary education  
28          institutions.

1           (b) The board shall further designate the amount of each type of tax credit,  
2           the SAVE Fee Credit or the SAVE Scholarship Credit, which is included in each  
3           management board's allocation.

4           (4) Each management board shall, in turn, determine and provide written  
5           notification to each public postsecondary education institution supervised by the  
6           board of the amount of each type of tax credit, the SAVE Fee Credit or the SAVE  
7           Scholarship Credit, which may be utilized by the institution.

8           C. SAVE Fee Credit. The tax credit provided for in Paragraph (A)(1) of this  
9           Section shall be obtained and used solely as follows:

10           (1) The student or the student's parent or legal guardian who is liable for  
11           payment of the fee, as a condition for receiving the tax credit, shall transfer the  
12           SAVE Fee Credit to the institution and provide the institution such information that  
13           the institution may be reasonably required to obtain by the Department of Revenue  
14           in order to facilitate the application and funding of the credit. The Department of  
15           Revenue shall only fund the SAVE Fee Credits to the public institutions of  
16           postsecondary education, as transferees of the credits.

17           (2) If claimed by the student or the student's parent or legal guardian who is  
18           liable for payment of the fee, the credit shall be calculated by the institution and  
19           granted to him according to the amount of all applicable payments of state taxes for  
20           the tax year which shall be attributable to his income according to the most recent  
21           edition of the Consumer Expenditure Survey of the Bureau of Labor Statistics of the  
22           United States Department of Labor.

23           (3) The tax credit shall be transferred by the student or the student's parent  
24           or legal guardian to the public institution of postsecondary education charging the  
25           fee for one hundred percent of the face value of the credit.

26           (4) The public institution of postsecondary education charging the fee  
27           designated by the institution as a SAVE fee shall accept the transfer of the tax credit  
28           as full or partial payment of the fee as the case may be.

1           (5) Upon transfer of the credit to the institution, the institution shall notify  
2           the Department of Revenue and provide it with such documentation of the transfer  
3           that may be required by the department. The Department of Revenue shall make  
4           payment to the public institution of postsecondary education in the amount to which  
5           it is entitled from the current collections of the taxes collected pursuant to Chapter  
6           8 of this Subtitle.

7           D. SAVE Scholarship Credit. The tax credit provided for in Paragraph (A)(2)  
8           of this Section shall be obtained and used solely as follows:

9           (1) A public institution of postsecondary education may designate and  
10          authorize a nonprofit entity to fund the payment of SAVE fees levied by the  
11          institution or to fund such other purposes as the institution requires by receiving  
12          donations for such funding from taxpayers up to the amount of the SAVE  
13          Scholarship Credit allocated to the institution from its supervising management  
14          board pursuant to Subsection B of this Section.

15          (2) Donations made to such nonprofit entity up to the amount allocated shall  
16          entitle the donors to a credit for the amount of their donations. The tax credit shall  
17          be taken against the applicable tax due in the tax year in which the credit is earned  
18          but shall not be refundable and shall not exceed the tax due for that tax year.

19          (3) The donations to the institution may be used for the payment of SAVE  
20          fees levied by the institution for those students or the students' parents or legal  
21          guardians who do not have a sufficient SAVE Fee Credit to offset the entire SAVE  
22          fee levied by the institution or to fund such other purposes as the institution requires.

23          E. No student or student's parent or legal guardian shall be required to pay  
24          a SAVE fee not offset by a SAVE Fee Credit or a payment from a SAVE  
25          Scholarship donation provided for in this Section, except for any student, parent, or  
26          legal guardian who fails to provide the information required pursuant to Paragraph  
27          (C)(1) of this Section.

1 Section 2. The provisions of this Act shall be applicable to all income tax years  
2 beginning on and after January 1, 2015, and franchise tax years beginning on and after  
3 January 1, 2016.

4 Section 3. This Act shall become effective upon signature by the governor or, if not  
5 signed by the governor, upon expiration of the time for bills to become law without signature  
6 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
7 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
8 effective on the day following such approval.

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### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 465 Original

2015 Regular Session

Adams

**Abstract:** Establishes the Student Adjustment for a Valuable Education (SAVE) Credit Program.

Proposed law establishes the Student Adjustment for a Valuable Education (SAVE) Credit Program granting two credits against individual and corporate income tax and corporate franchise tax:

- (1) A SAVE Fee Credit. A transferable, nonrefundable credit against sales and use, gasoline and special fuels, and income tax liability of a student, or his parent or legal guardian, for amounts the student, or his parent or legal guardian, is required to pay to a public institution of postsecondary education for enrollment of the student on and after July 1, 2015, for a fee designated by the institution as a SAVE fee.
- (2) A SAVE Scholarship Credit. A credit against income and franchise tax liability for the amount of donations made on and after July 1, 2015, to any nonprofit entity designated by a public institution of postsecondary education for the purpose of funding the payment of SAVE fees or such other purposes as the institution requires.

The type of the two tax credits above and the total amount of such tax credits which may be granted in each fiscal year is to be determined by the institution's management board, from the allocation of the credits made to the management board by the Board of Regents.

The total amount of tax credit which may be utilized by all public institutions of postsecondary education during a fiscal year shall be the net increase in the taxes collected during each fiscal year from the tobacco taxes as a result of the enactment of the Act originating as House Bill No. \_\_\_\_\_ of the 2015 R.S., as determined by the Revenue Estimating Conference and approved by the Joint Legislative Committee on the Budget.

Once the total amount of tax credit which may be utilized by all public institutions of postsecondary education during a fiscal year is determined as provided above, the Board of Regents shall determine and provide written notification to each postsecondary education management board of the following:

- (1) The amount of tax credit allocated to each management board based upon the proportion of full-time equivalent students enrolled in the public postsecondary education institutions supervised by each board to the total number of full-time equivalent students enrolled in all Louisiana public postsecondary education institutions.
- (2) The amount of each type of tax credit which is included in each management board's allocation.

Each management board shall, in turn, determine and provide written notification to each public postsecondary education institution supervised by the board of the amount of each type of tax credit which may be utilized by the institution.

Proposed law provides that the SAVE Fee Credit shall be obtained and used solely as follows:

- (1) The student or the student's parent or legal guardian who is liable for payment of the fee, as a condition for receiving the tax credit, must transfer the SAVE Fee Credit to the institution and provide the institution such information that the institution may be reasonably required to obtain by the Department of Revenue in order to facilitate the application and funding of the credit. The Department of Revenue must only fund the SAVE Fee Credits to the public institutions of postsecondary education, as transferees of the credits.
- (2) The credit must be calculated by the institution and granted to him according to the amount of all applicable payments of state taxes for the tax year which is attributable to his income according to the most recent edition of the Consumer Expenditure Survey of the Bureau of Labor Statistics of the United States Department of Labor.
- (3) The tax credit must then be transferred to the institution charging the fee for 100% of the face value of the credit.
- (4) The institution charging the fee designated by the institution as a SAVE fee must accept the transfer of the tax credit as full or partial payment of the fee as the case may be.
- (5) Upon transfer, the institution must notify the Department of Revenue and provide it with such documentation of the transfer that may be required by the department. The department must make payment to the institution in the amount to which it is entitled from the current collections of the tobacco taxes.

Proposed law provides that the SAVE Scholarship Credit shall be obtained and used solely as follows:

- (1) A public institution of postsecondary education is authorized to designate a nonprofit entity to fund the payment of SAVE fees levied by the institution or to fund such other purposes as the institution requires by receiving donations for such funding from taxpayers up to the amount of the SAVE Scholarship Credit allocated to the institution from its supervising management board.
- (2) Donations made to such nonprofit entity up to the amount allocated entitles the donors to a credit for the amount of their donations, to be taken against the applicable tax due in the tax year in which the credit is earned, but the credit is not refundable.
- (3) The donations to the institution may be used for the payment of SAVE fees levied by the institution for those students or the students' parents or legal guardians who do not have a sufficient SAVE Fee Credit to offset the entire SAVE fee or to fund such other purposes as the institution requires.

Proposed law prohibits a student or a student's parent or legal guardian from being required to pay a SAVE fee not offset by a SAVE Fee Credit or a payment from a SAVE Scholarship donation, unless they failed to provide the information required for the SAVE Fee Credit.

Applicable to all income tax years beginning on and after January 1, 2015, and franchise tax years beginning on and after January 1, 2016.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 47:6039)